



Democratic Policy Committee  
United States Senate  
Washington, D.C. 20510-7050  
Byron Borgan, Chairman

# DEMOCRATIC POLICY COMMITTEE

June 28, 2000

Publication: SR-64-Employment

SPECIAL  
REPORT

## **Rhetoric vs. Reality: Republicans and Democrats on Increasing the Minimum Wage**

DPC Staff Contact: Jane Eiselein (202) 224-3232  
DPC Press Contacts: Ranit Schmelzer (202) 224-2939  
Barry Piatt (202) 224-2551



# **Rhetoric vs. Reality: Republicans and Democrats on Increasing the Minimum Wage**

Recent polls and focus groups have suggested to Republicans that an increase in the minimum wage for working Americans — long championed by Democrats — is a top priority for the American public. In response, Republicans have adopted a strategy of blurring the lines between Democrats and Republicans on support for increasing the minimum wage.

Democrats know there are few gray areas when it comes to the positions of Democrats and Republicans on increasing the minimum wage. In fact, the differences are black and white: Democrats have fought for immediate passage of legislation to strengthen the earning power of America's low-income workers, only to have their efforts repeatedly blocked by Republicans.

Democrats in the Senate offered an amendment during the debate on the *Bankruptcy Reform Act of 1999* to increase the minimum wage \$1 over two years to \$6.15 per hour. Republican Senators rejected this amendment and instead passed their own minimum wage amendment that postpones a minimum wage increase until 2002 and provides tax breaks to the wealthiest Americans.

While Republicans claim they support a minimum wage increase, the Republican proposal would harm American workers and give a windfall to high-income earners. Democrats believe we should raise the minimum wage now to benefit low-income workers.

## Comparison of Democratic and Republican Bills

Senate Democrat Bill	Senate Republican Bill
<ul style="list-style-type: none"><li>✓ Raises the minimum wage by \$1 over two years.</li><li>✓ Applies Federal minimum wage to the Commonwealth of the Northern Mariana Islands.</li></ul>	<ul style="list-style-type: none"><li>✗ Raises the minimum wage by \$1 over three years.</li><li>✗ \$75.3 billion in scattershot tax breaks skewed disproportionately to the wealthy and completely disconnected from the minimum wage (not offset and not paid for after the first year).</li><li>✗ Repeals a worker protection requirement that workers be paid time and a half for overtime work by allowing bonus and other like-income to be excluded from the calculation used to determine overtime pay.</li></ul>

### The Republican Plan Harms Minimum Wage Workers and Benefits High-Income Earners

The Republican minimum wage bill is a mock minimum wage plan that served as a vehicle for passing tax breaks for the wealthy. If the Republican minimum wage plan — and not the Democratic plan — became law, the consequences for American workers would be severe.

- The Republican bill, compared to the Democratic bill, would cost a full-time minimum wage earner \$1,200 over the next three years. This amount of money would have an enormous impact on minimum wage earners and their families — it amounts to a loss of 11.5 percent of the worker's total earnings over the three years.

- Over 10.1 million workers, the majority of whom are adults, are directly affected by a minimum wage increase. Wages affect the groceries these workers buy, the child care they provide their children, and the kind of housing in which they live.
- Three million of these 10.1 million workers support children — including one million single mothers.
- The last increase to the minimum wage was in September 1997. Inflation has eroded the value of the current minimum wage. Between 1978 and 1989, for example, the purchasing power of the minimum wage dropped by more than 30 percent. The current purchasing power of the minimum wage remains 32.8 percent below the level in 1968. The Republican bill would allow the purchasing power of the existing minimum wage to continue to decline.
- The current minimum wage does not guarantee food on the table. According to a recent survey by the U.S. Conference of Mayors, 38 percent of persons seeking emergency food aid were employed, compared to 23 percent in 1994. Local government officials now cite low-paying jobs as the most common cause of hunger in their communities.
- The tax cuts to the wealthiest Americans in the Republican bill not only take away money from low-income wage earners, but are not offset and therefore would not be paid for.
- The Republican bill would repeal the guarantee that workers are paid fairly for working overtime.

## **Democratic Minimum Wage Plan Benefits Low-Income Workers**

The minimum wage increase proposed by Senate Democrats would ensure that low-income workers share in our unprecedented economic prosperity.

- The Democratic increase in the minimum wage to \$6.15 would restore the real value of minimum wage to what it was in 1982.

- Minimum wage plays an important role in ensuring that all workers share in our growing economy. With the proposed Democratic minimum wage bill, more than 10.1 million full-time workers will earn an annual income of \$12,792.
- Households with incomes under \$25,000 will receive half of the increased wages.
- Opponents of the minimum wage have long argued that increasing the minimum wage would hurt low-wage workers because employers would cut back on hours or jobs. Since the minimum wage was raised to \$5.15 in 1996, however, the economy has created more than 11.4 million new jobs. Job growth and the employment rate is currently at its highest in 30 years, and the employment of minority youth has increased. The experience of the United States economy in the 1990s proves this argument is unfounded.
- Recent increases in the minimum wage have helped reduce the number of welfare recipients by approximately 39 percent by increasing the incentives to work.
- More money for working families means these families will be better able to save for retirement.
- The American public has consistently supported an increase in the minimum wage. A survey conducted by ABC News between September 29 and October 3, 1999 found that 83 percent of the public supports an increase, with the support nearly as strong among Republican voters (67 percent in favor) as among Democrats.

The Democratic plan to increase the minimum wage by one dollar over two years would help lower-income American families pay for necessities like food, rent and utilities.

While Republicans claim to support increasing the minimum wage, their proposal would actually harm workers by delaying the increase and repealing worker protection provisions. Despite their rhetoric, the Republican plan is more about tax breaks for the wealthy than providing help for hardworking American families.